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A WORKABLE MARSHALL PLAN

By Alexander Boeker

Now that Congress is about to draft a European Recovery Program, based on Secretary Marshall's suggestion of June 5, 1947, it is high time to evaluate critically the two concrete proposals so far made: the draft legislation submitted by the Administration on December 19 and the Paris plan of September 23 on which it is based.

Few, who are not under the influence of Moscow, question either the advisability of a concerted program for European rehabilitation, backed by the power and resources of the United States, or the motives which inspired Secretary Marshall's original idea. There is, however, much room for doubt as to the specific measures proposed.

Three basic assumptions underlie the program as it stands: First, that European unity is necessary if the Marshall plan is to succeed; Second, that the traditional pattern of trade between agricultural Eastern and industrial Western Europe must be re-established; Third, that German industry is an indispensable factor in European recovery. If these three conditions are indeed vital to the success of the plan, the proposals so far made fall short of their goal.

The Paris meeting of sixteen Western European nations -- Spain, Germany and the Soviet satellites were not represented -- aroused high hopes that, at least on the economic plane, a beginning would be made toward a European Union. Threatened with chaos, and ultimate absorption by the Soviet Union, it was believed that the statesmen of Western Europe might at last agree that their separate national egotisms are best served by a genuinely Continental approach. The prospect of American aid could have provided the practical leverage in this development.

The outcome of the Paris Conference last summer disappointed these hopes. Statesmanship again succumbed to logrolling. Instead of drafting specific European reconstruction projects, irrespective of national frontiers, the delegates did little more than add up their respective national dollar deficits for 1948-52 and present the total to the United States. No bold steps were taken toward a European customs union. In this respect the conferees merely went on record as being against sin:

> ". . . each country undertakes to use all its efforts . . . to co-operate with one another [sic] and with like-minded countries in all possible steps to reduce the tariffs and other barriers to the expansion of trade. . . ."

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The United States bears a share of responsibility for this disappointing result. Obsessed by the desire not to appear dictatorial, the Administration leaned over backwards to avoid that criticism of pressure which was certain to come from Moscow anyway.

II

By simply underwriting dollar deficits of the sixteen nations, the United States would leave each of these countries free to pursue its own narrow ends. Congress could repair this situation by earmarking ERP funds for specific projects of an international character, such as the reconstruction of a common transportation system or a European power grid. The engineer is more likely to unify Europe than is the banker.

During the war the United States refused to use the leverage of lend-lease to insist upon reasonable peace terms, and in consequence nation after nation abandoned the solemn pledges of the Atlantic Charter. In its new, peacetime, lend-lease program the Administration has learned nothing from this sad experience. It still relies on gratitude and good will to achieve what only self-interest, stimulated by a system of rewards and penalties, can be expected to accomplish.

Despite this glaring failure, the more lyrical, and less critical, commentators, continue to ballyhoo ERP as a long step toward a European federation, thus inviting another wave of disillusionment at some later date. Similar self-deception prevails as regards the expected revival of East-West trade in Europe. In its outline of ERP, submitted to the Senate Foreign Relations Committee, the State Department says (p. 34):

> "It is assumed in the report that there will be a substantial and steady resumption of trade between Eastern and Western Europe, so that the flow of cereals from Eastern Europe will be restored to pre-war levels, and the flow of timber will reach 75 per cent of pre-war by 1951."

At Paris the sixteen nations had rightly felt that restoration of this trade pattern could not be relied upon, and had consequently called for larger food imports from dollar areas, meaning a greater dollar deficit. But to reduce these figures to proportions more acceptable to Congress, the American observers at the Conference insisted that the unrealistic assumption should nevertheless be made.

The Marshall plan thus stands on very shaky foundations. For, if Russia is as determined to wreck ERP as is commonly assumed, the Kremlin has been handed a powerful weapon to carry out its design. Moscow need only tell its satellites to stop food exports to the West. The flow of Arabian oil -- also considered vital to the Marshall plan -- is now also thrown into doubt by developments in Palestine.

Economic changes taking place in Eastern Europe will further impede the restoration of "normal" trade between East and West. So-called "land

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reforms" -- a polite name for agricultural vandalism -- are cutting down food surpluses. Population "transfers" affecting millions of farmers have turned much of what used to be Europe's granary into barren steppes. And the incorporation of Polish, Czech, and Silesian industry in the Russian economy may soon make Soviet Europe industrially self-sufficient.

III

> "The economic restoration of Germany, the heart of Europe's economic life, is essential to European recovery. German restoration must proceed simultaneously with that of the rest of Europe."

Thus spoke Secretary Marshall before the Senate Foreign Relations Committee on November 12, 1947. His words have since been echoed in innumerable speeches and editorials throughout the United States and Europe. What is being done to implement this idea?

Official plans assume that even in the final year of the Marshall plan the German worker will be able to do his bit for European recovery on two-thirds the food rations received by workers in neighboring countries, under intolerable housing conditions, and with allocations of household coal falling "far below pre-war consumption". Proposed allocations per head of the German population are only a fraction of those for other participating countries. Said the Case Subcommittee of the Herter Committee in its recent Report on Germany:

> "The provision for Germany of $322,000,000 out of the $6.8 billion requested for the first 15 months of the ERP is also so low as to throw into question the soundness of the projected recovery of western Germany in 1948 to 1949 to only 40 or 50 percent of pre-war production levels, when nearly all other Western European countries will be at or higher than pre-war levels."

The Administration's program for Germany under ERP is thus anything but the "simultaneous" restoration of German and European economy envisaged by Secretary Marshall. In fact, under the current Level-of-Industry agreement the German steel capacity of 19 million tons is cut roughly in half. And German coal is exported at a rate preventing any real recovery in the Western zones.

Simultaneously the coal shortage thus artificially produced is made to serve as pretext for the continued dismantling of 918 plants in western Germany alone -- the cream of the country's industrial equipment. Of these plants Under Secretary of State Lovett said on January 24:

> "All of the plants and equipment remaining to be removed are either capable of peacetime production in their present condition, or can be converted thereto."

While this program of destruction and strangulation is to be carried on east of the Rhine, American steel and dollars are to be used

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to recreate the same industries a few miles further west, principally in France. No one can tell whether these new industries will be as efficient as the ones destroyed, but we do know that they will take years to build. Meanwhile Europe, and the United States, will remain desperately short of steel and all steel products.

IV

The Marshall plan proposals thus stand revealed as a plan to revamp the European economy on narrowly nationalistic lines rather than to restore it quickly, co-operatively and rationally. It was against this perversion of the original idea that Mr. Herbert Hoover's statement of January 22 was directed.

Sold to the American public as a reversal of the disastrous Morgenthau policies, the Administration's ERP bill in fact perpetuates those ideas in many crucial respects. In Chapter XVII of its ERP "Country Studies" the State Department declares (p. 40) that:

> ". . . Germany's principal contribution to European recovery will be through the export of materials, principally coal, timber and steel scrap."

In other words, one of the world's most highly integrated areas is to be reduced to a semi-colonial status, furnishing its less industrialized neighbors with raw materials. This is hardly the best way to make use of Europe's skills and material resources.

If Congress really wants what Senator Reed called "the least expensive recovery plan available for our money", it will have to insist that German skills and industrial potential be fully utilized, rather than shackled and scrapped.

By increasing food shipments to Germany during the first two years, and by shipping some coal to Germany till Ruhr production has caught up with demand, the United States could quickly re-start the German industrial powerhouse. Through full utilization of German steel mills and machine shops the huge exports of scarce American steel proposed in the ERP bill could be substantially reduced. The current increase in American steel prices represents the price American consumers must pay for the refusal of Europe to utilize its own productive capacity.

There is nothing to be feared from a Germany occupied by foreign troops. There is everything to be feared from a European Recovery Program doomed to failure because not truly European in conception.

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Not Merely Gossip *A Supplement to* Human Events VOL. V, NO. 8

By Frank C. Hanighen February 25, 1948

A Jackson Day dinner is, apart from its money-raising objective, intended to be a "pep" rally for Party workers. Over highballs and stuffed capon, those attending exchange enheartening bits of information, drink in confidence from the rousing speeches of the Party chieftains and reach a stage of climactic enthusiasm when the Leader addresses them. On one occasion in recent years, some ebullient diners went forth into the hotel lobby and engaged in a not very gallant altercation with a lone Republican. The show in Washington on February 18, far from generating such militancy, fell decidedly flat.

We saw one stage of the celebration, in the Statler Hotel. Mrs. Helen Gahagan Douglas looked beautiful, but her phrases -- such as, "we are for the masses, not the classes" -- failed to infuse much warmth among those present. Senator McGrath, Party Chairman, made a rather wooden plea to "get out the vote", which received only formal applause. Mr. Truman's weak, inept oratory had a dampening effect. Also, ghosts hovered over the feast: that of F.D.R., who did things so much better than Truman; and the terrifying specter of Henry Wallace, crowned with his Bronx laurels. Additionally, there were the empty chairs of Southerners. In the corridors, there were some brave affirmations, but also some frank and very negative discussions of political prospects.

* * * * *

During the past week, following the Bronx by-election, prominent Democrats in Washington have engaged in much dispirited conversation among themselves. This talk was "among the family only" and it might diminish if Democratic fortunes look better. Nevertheless, its burden is very significant of Democratic morale at this stage of the campaign. For instance, it is suggested that Truman should withdraw from the campaign, as he does not at present appear to have a chance of re-election; and that the Party should then draft Eisenhower, thereby ensuring victory in November. Both Southern conservatives and New Dealers make this suggestion.

The idea is not as fantastic as it seems at first glance. Persons who have known Truman for many years believe that the President would be likely at least to give the matter of withdrawal from the campaign serious consideration, without any prompting from others. One party sage remarked the other day: "Truman did not want to run for Senator; he only did so for the Party's sake -- the Party, to which he gives top priority. Nor, as he told many at the time, did he really want the Vice-Presidential place. It was Party loyalty that made him accept the nomination. His decision to run for re-election was inspired by the obvious need of the Party. So, if the President becomes convinced that he cannot be elected and that the Party would do better with another nominee, he would himself propose his withdrawal."

Some Democratic Senators raise another point: the chances of winning the Presidency are very slim; therefore the none too capacious Party chest should be devoted largely to winning the Senate for the Democrats. (As described in this column, January 7, 1948, the Democrats believe they have a good chance of picking up the necessary half-dozen seats to obtain control of the Upper Chamber.) Finally, as a noteworthy symptom of declining Democratic spirits, talk about a Vice-Presidential candidate for Truman has completely disappeared in the past week. When Truman's chances were rated high last fall, there were a score of would-be Throttlebottoms mentioned, or seeking mention. The unkind, today, are remarking that now no one wants such a nomination with the ship going down.

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Discussion of the Bronx by-election result, so far as we have seen, overlooks one important and ominous aspect. Both Republicans (happily) and Democrats (unhappily) talk mainly in arithmetical terms. While they by no means ignore the role of the Communists in the by-election, they seem oblivious of the prospect -- indeed, the inevitable result of the Wallace movement -- of a wider dissemination of Communist ideology and a growth of Party organization. The Communists look on the new third party movement as a heaven-sent opportunity to increase numerically, and to spread their gospel among broader areas of the American electorate. They achieved no little success in this endeavor during the war, under cover of "aiding our great ally Russia". Their hopes for similar accomplishments in months to come may be seen in the Daily Worker (February 20):

"The building of the new movement imperatively demands an extension of the vanguard role of the Communist Party in respect to issues. It requires deepening and strengthening of the class consciousness of the workers. It requires activity aimed at enlarging and strengthening the core of advanced Marxist workers in the trade union movement, among the Negro people and all other sections of the population. Under the impetus of the major people's victory, the Communist Party in the Bronx and the whole state organization of the Party must undertake as one of its most important political responsibilities a vast increase in the circulation of our press, and the extensive recruiting of militant and advanced workers to the Party.

"For the growth of the Communist Party and its press in our land is one of the prime guarantees that the great people's party movement will grow, that reaction will be defeated and that our land will make giant strides towards peace, prosperity, democracy and security."

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It is an understatement to say that Austin's stand at the opening of the UN Security Council session (February 24) proved disappointing to Zionists. Pro-Zionist Congressman Celler attacked the Austin speech as "outrageously hypocritical", saying "It is like seeing a house burning and having the fire commissioner ask for the convocation of a debating society to determine whether or not to ply the hose on the conflagration. Action, not words, is wanted."

The legal objections raised to the partition decision of the Assembly are by no means new. Within the past few days, international law experts in Washington privately expressed their opinion that the Assembly partition measure was not in accord with the Charter. But, the pro-Zionist PM could well remark that "there had apparently not been so much concern with constitutional inhibitions last fall".

Some observers believe the Administration is "stalling". If, as Government sources say, Congress might be presented with the problem of approving dispatch of American troops to the Holy Land, delays appear inevitable. As for the suggestion that a UN force might be sent, if the Security Council decides that there is a threat to the peace, that too would involve time for debate -- as time ticks on. One observer remarked wryly that in such an event the Council would recognize a threat to the peace created by the action of the UN itself. Zionism, as it has been said in these pages, is imperialism, and therefore it is not surprising that Zionism's chosen instrument today has created the warlike conditions, as an excuse for which further imperialist aggression is urged.

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The Communist Gleichschaltung in Czechoslovakia did not inspire much surprise in official circles in Washington. It was unexpected that the Soviets chose so early a date for the operation. But with the recent experiences in Rumania and

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Bulgaria in mind, the pattern seemed foreordained. After the event, the coup seems all the more natural in that elections were due ere long in the little republic, and free polling would presumably give the Communists scant satisfaction.

Officials express some gloomy views about the aftermath of the events in Prague. Editorial writers hopefully mention the "innate democratic spirit" of the Czechs, and invoke the spirit of the elder Masaryk. But Government experts will be surprised if any sturdy resistance to the Communist yoke develops among either the Czechs or Slovaks. It is remembered that the Czechoslovak resistance movement against the Nazis was probably weakest in all Europe; and collaborationists prevailed. Some sparks of rebellion may gleam in Catholic Slovakia, but not too much reliance is placed on the Czechs. They will not like the Communist oppression any more than that of the Nazis; but, with little hope for aid from the outside, they will probably fatalistically bear it. So runs the argument.

Whatever occurs on the political plane, the economic implications give officials much food for gloomy thought. Czechoslovakia possesses a good industry. By a series of trade and economic pacts, Moscow is trying to integrate all the eastern part of Western Europe -- what F. A. Voigt calls the "Middle Zone" -- into a well-functioning economic system. It is expected that great efforts will be made to harness Polish and Czech resources into a workable team. The Muscovite planners may well fall short of their goal; but American officials are under no illusions that their scheme will prove a complete failure.

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Dr. Boeker, author of the Analysis this week, has explored other, less publicized areas of the German problem. In a piece, "Removing Business Competition", (New Leader, November 22, 1947), he dealt with the activities of American and British business interests which have wanted German plants dismantled to eliminate business rivals. He said in that article, "While the great influence of vengeance-minded individuals and groups in the shaping of the dismantling policies can hardly be denied, a great deal of evidence has accumulated to suggest that other groups, notably certain British and American business interests, are very largely responsible for the policy of industrial destruction".

Indeed, this aspect of the economic treatment of our defeated foes attracts increasing comment. Last week, K. K. Kawakami in the HUMAN EVENTS Analysis suggested that similar forces were working in the Japanese situation. Recently, we received a letter from a prominent consulting engineer, with wide knowledge of the considerations which move various business interests; he placed great emphasis on this factor.

Therefore, what Dr. Boeker says in his article in the New Leader deserves attention, particularly on Capitol Hill. "Perhaps", he says, "a Congressional committee might investigate the activities of certain American and British business interests which have tried to prevent the revival of German industries in order to strengthen their own competitive position. It might shed some long-needed light on the reasons why a clause was inserted in the Potsdam Agreement totally prohibiting all German ocean shipping. . . . An investigating committee might also look very closely into the personnel and the work of Edwin W. Pauley's Reparations Commission, which was largely composed of business men, and which had the task of determining the type of plant to be dismantled in Germany and Japan. The dismantling issue in Germany came to a head only a week or two after the appointment of Mr. Pauley to the important post of Special Assistant to the Secretary of the Army. . . . Mr. Pauley has been an outspoken and emphatic advocate of the strictest application of the industrialization policy of Potsdam."

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Book Events

How to Stop the Russians Without a War, by Fritz Sternberg. New York: The John Day Company, $2.00. Reviewed by J. M. Lalley.

Mr. Sternberg is a Marxist of the Social Democratic persuasion who has won something of a reputation as a political prophet among his brethren of the Left, here and in Germany. Hitherto, Mr. Sternberg's pronouncements have been distinguished by a profound pessimism which has often been vindicated by events. Among those which have yet to be tested is his prediction of another great economic crisis in the United States, which appears to have been echoed somewhat furtively in the report of Mr. Truman's economic council.

An economic crisis in the United States, says Mr. Sternberg, would certainly give the Kremlin a preponderant power in world affairs. Thus the probability of such a crisis has become one of the arguments in favor of an early war, while the United States still possesses a monopoly of atomic weapons and an industrial capacity vastly greater than Russia's. These advantages, however, must decrease with every year of truce, as Russia develops her industries, increases her food reserves and her armaments, and as the various dykes that American diplomacy has been constructing against Communism collapse. The forcible elimination of Russia, however, would leave the United States in the role of the solitary world power and thus in position to carry through a program of reconstruction. Mr. Sternberg considers such reasoning dangerous and fallacious. He rules out, on eminent military authority, the possibility of a mere "push-button" war. The Red Army, he thinks, could not be destroyed by atomic bombs, nor could it be prevented from overrunning Europe and Asia. Thus the invasion and reconquest of both continents by an enormous army would be necessary at a price in blood running into millions of lives. In the long run the Americans would win, but when the war was over the whole world outside the United States would be reduced to chaos. Order of a sort could be maintained in such a world only by ruthless and despotic government, and it would be idiotic to suppose that in such circumstances Americans could preserve at home any vestiges of their freedom.

Thus the notion that peace can be achieved and civilization preserved through another "preventative war" is a madman's delusion. What, then, is the alternative? Not withdrawal and isolationism, says Mr. Sternberg, for that would be giving the world to the Russians by default. Not further appeasement of Russia, for that would be merely postponing war until Russia is better prepared to wage it. At this point, unhappily, Mr. Sternberg drops the role of analyst for that of the polemist and lapses into the jargon of his creed. He tells us that the only way by which war can be averted is for the United States to adopt a foreign policy which is "more progressive than the Russian". This means, as far as I can make out, that Mr. Sternberg would have us outbid the Russians for the support of European and Asiatic masses. The first step would be the abandonment of our present policy, which, it appears, is to further the cause of reactionary nationalists in Germany and that of "corrupt landlords" in China. The second step would be the socialization of Germany and the insistence upon agrarian reforms and industrialization in China. The argument seems to be that planned and socialized economy in Germany, directed by the Social Democratic forces there, would put at rest French fears of a revival of German militarism and would encourage the British Labour Government in its policy of rapprochement with Continental Europe. In this way the Europeans will presently be able to regain or even exceed under Socialism the standard of living they enjoyed in their days of imperialism and colonial markets. Communism on the totalitarian plan would cease to have any attractions for them. Western Europe, thus prosperous and united, would be powerful enough to hold Russia in check and perhaps even to stimulate a democratic movement within Russia itself.

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